

Accountants' Report

Get Nice Financial Group Limited

For the six months ended 30 September 2024

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GET NICE FINANCIAL GROUP LIMITED

The Board of Directors
Get Nice Holdings Limited

Introduction

We report on the historical financial information of Get Nice Financial Group Limited ("GNF") and its subsidiaries (together, the "GNF Group") set out on pages II-4 to II-63, which comprises the consolidated statement of financial position of the GNF Group and the statement of financial position of GNF as at 30 September 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the GNF Group for the six months ended 30 September 2024, and material accounting policy information and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-63 forms an integral part of this report, which has been prepared for inclusion in the circular of Get Nice Holdings Limited ("GNH" or the "Company") dated 3 January 2025 (the "Circular") in connection with (i) possible major transaction; (ii) proposed group reorganisation of GNF by the Company involving a share exchange offer to all shareholders of GNF other than the Company (the "Scheme Shareholders") for cancellation and extinguishment of all issued shares of GNF held by the Scheme Shareholders (the "Scheme Shares") by way of a scheme of arrangement under section 86 of the Companies Act of the Cayman Islands (the "Scheme"); and (iii) proposed issue of new shares by the Company to the Scheme Shareholders under specific mandate as consideration for the cancellation and extinguishment of the Scheme Shares under the Scheme.

Director's responsibility for the Historical Financial Information

The directors of GNF are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the GNF Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GNF Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of GNF and the GNF Group as at 30 September 2024, and of the financial performance and cash flows of the GNF Group for the six months ended 30 September 2024 in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the GNF Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 September 2023 and other explanatory information (together the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to note 17 to the Historical Financial Information which contains information about the dividends paid or declared by GNF during and in respect of the six months ended 30 September 2024.



Forvis Mazars CPA Limited
Certified Public Accountants
 Hong Kong, 3 January 2025

HISTORICAL FINANCIAL INFORMATION OF THE GNF GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the GNF Group for the six months ended 30 September 2024, on which the Historical Financial Information is based, were prepared by the directors of the GNF Group in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by Forvis Mazars CPA Limited, *Certified Public Accountants*, Hong Kong, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the GNF Group and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended	
		30 September 2024	30 September 2023
	Notes	HK\$'000	HK\$'000 (unaudited)
Revenue from contracts with customers within HKFRS 15	8	12,407	29,350
Interest revenue calculated using the effective interest method	8	155,499	138,894
Revenue		167,906	168,244
Other operating income	10	819	781
Other gains and losses, net	11	(4,673)	7,450
Depreciation expenses	19	(5,535)	(5,971)
Commission expenses		(2,605)	(3,396)
Net impairment loss on accounts receivable	7	(59,186)	(45,905)
Staff costs	12	(9,338)	(10,113)
Finance costs	13	(523)	(89)
Other expenses		(6,811)	(8,387)
Profit before taxation	14	80,054	102,614
Income tax expense	16	(8,240)	(16,657)
Profit for the period		71,814	85,957
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		2,082	-
<i>Items that will not be reclassified to profit or loss</i>			
Surplus on revaluation of properties		32	31
Deferred tax arising on revaluation of properties	32	(5)	(5)
Total other comprehensive income for the period		2,109	26
Total comprehensive income for the period		73,923	85,983
		HK cents	HK cents
Earnings per share			
Basic	18	2.9	3.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2024 HK\$'000
	Notes	
Non-current assets		
Property and equipment	19	25,212
Investment properties	20	158,310
Intangible assets	21	7,964
Other assets	24	6,145
Investments	25	19,547
Deferred tax assets	32	6,145
Goodwill	22	2,000
		<u>225,323</u>
Current assets		
Accounts receivable	26	1,715,847
Prepayments, deposits and other receivables	27	3,572
Tax recoverable		1,897
Investments	25	155
Bank balances – client accounts	28	279,191
Bank balances – general accounts and cash	29	2,480,112
		<u>4,480,774</u>
Current liabilities		
Accounts payable	30	346,809
Accrued charges and other payables	31	4,132
Lease liabilities	37	5,896
Tax payable		74
		<u>356,911</u>
Net current assets		<u>4,123,863</u>
Total assets less current liabilities		<u>4,349,186</u>
Non-current liabilities		
Deferred tax liabilities	32	135
Lease liabilities	37	9,458
		<u>9,593</u>
NET ASSETS		<u><u>4,339,593</u></u>
Capital reserves		
Share capital	33	25,000
Reserves		4,314,593
TOTAL EQUITY		<u><u>4,339,593</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000 (note i)	Contributed surplus HK\$'000 (note ii)	Property revaluation reserve HK\$'000 (note iii)	Other reserve HK\$'000 (note iv)	Translation reserve HK\$'000 (note v)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2024	25,000	375,407	1,486,951	1,033	159,933	-	2,292,346	4,340,670
Profit for the period	-	-	-	-	-	-	71,814	71,814
Other comprehensive income (expense) <i>Items that may be reclassified subsequently to profit or loss</i>								
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	2,082	-	2,082
<i>Items that will not be reclassified to profit or loss</i>								
- Surplus on revaluation of properties	-	-	-	32	-	-	-	32
- Deferred tax arising on revaluation of properties	-	-	-	(5)	-	-	-	(5)
Total other comprehensive income for the period	-	-	-	27	-	2,082	-	2,109
Total comprehensive income for the period	-	-	-	27	-	2,082	71,814	73,923
Transactions with equity holders <i>Contributions and distributions</i>								
- Dividends paid to owners	-	-	-	-	-	-	(75,000)	(75,000)
Total transactions with equity holders	-	-	-	-	-	-	(75,000)	(75,000)
At 30 September 2024	25,000	375,407	1,486,951	1,060	159,933	2,082	2,289,160	4,339,593

	Share capital HK\$'000	Share premium HK\$'000 (note i)	Contributed surplus HK\$'000 (note ii)	Property revaluation reserve HK\$'000 (note iii)	Other reserve HK\$'000 (note iv)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2023	25,000	375,407	1,486,951	981	159,933	2,289,650	4,337,922
Profit for the period (Unaudited)	-	-	-	-	-	85,957	85,957
Other comprehensive income (expense) Items that will not be reclassified to profit or loss							
- Surplus on revaluation of properties	-	-	-	31	-	-	31
- Deferred tax arising on revaluation of properties	-	-	-	(5)	-	-	(5)
Total other comprehensive income for the period (Unaudited)	-	-	-	26	-	-	26
Total comprehensive income for the period (Unaudited)	-	-	-	26	-	85,957	85,983
Transactions with equity holders Contributions and distributions							
- Dividends paid to owners	-	-	-	-	-	(75,000)	(75,000)
Total transactions with equity holders (Unaudited)	-	-	-	-	-	(75,000)	(75,000)
At 30 September 2023 (Unaudited)	25,000	375,407	1,486,951	1,007	159,933	2,300,607	4,348,905

Notes:

- (i) Share premium represents the excess of the net proceeds or consideration from issuance of GNF's shares over their par value. Under the Companies Law (as revised) of the Cayman Islands, the share premium of GNF is available for distribution or paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividends, GNF is able to pay its debts as they fall due in the ordinary course of business.
- (ii) Contributed surplus represents residual arising from the capitalisation of amount due to the immediate holding company to share capital of the GNF on 8 April 2016.
- (iii) Property revaluation reserve deals with revaluation adjustments of property and equipment in accordance with the accounting policies adopted in note 3 to the Historical Financial Information.
- (iv) Other reserve represents the capital contributions from equity holders of Get Nice Incorporated ("GN Incorporated") and Steppington Holdings Limited ("Steppington") now comprising the GNF Group before the completion of the group reorganisation for the listing of the shares of GNF.
- (v) Translation reserve of the GNF Group comprises all foreign exchange differences arising from translation of the financial statements of the GNF Group's subsidiaries that have a functional currency different from the presentation currency. The reserve is dealt with in accordance with the accounting policies as set out in note 3 to the Historical Financial Information.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 September	
		2024	2023
	Notes	HK\$'000	HK\$'000 (unaudited)
OPERATING ACTIVITIES			
Profit before taxation		80,054	102,614
Adjustments for:			
Depreciation expenses	19	5,535	5,971
Gain on disposal of property and equipment	11	-	(7,603)
Gain on disposal of intangible assets	11	-	(1,500)
Gain on disposal of a subsidiary	11	(18)	-
Net impairment loss on accounts receivable	7	59,186	45,905
Fair value changes on investment properties	20	6,750	-
Fair value changes on investments	11	(1,661)	1,065
Finance costs	13	523	89
Interest income		(50,293)	(38,746)
Operating cash flows before movements in working capital		100,076	107,795
Changes in working capital:			
Other assets		(2,400)	(3,219)
Accounts receivable		89,450	99,659
Prepayments, deposits and other receivables		(18)	281
Bank balances - client accounts		(46,133)	25,698
Accounts payable		95,282	(31,783)
Accrued charges and other payables		289	(3,546)
Cash generated from operations		236,546	194,885
Interest received		50,288	38,616
Interest paid on clients' accounts		(25)	(30)
Hong Kong Profits Tax paid		(8)	-
NET CASH FROM OPERATING ACTIVITIES		286,801	233,471

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

		Six months ended	
		30 September	
	Notes	2024 HK\$'000	2023 HK\$'000 (unaudited)
INVESTING ACTIVITIES			
Purchase of investment properties	20	(162,978)	-
Purchase of property and equipment	19	(66)	(463)
Proceeds from disposal of property and equipment		-	7,603
Proceeds from disposal of intangible asset		-	2,000
Proceeds from disposal of a subsidiary	41(c)	18	-
Refund of trading right		-	50
Proceeds from disposal of investment		42	-
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(162,984)	9,190
FINANCING ACTIVITIES			
Dividends paid	17	(75,000)	(75,000)
Lease payment	37	(2,740)	(3,599)
NET CASH USED IN FINANCING ACTIVITIES	35	(77,740)	(78,599)
Net increase in cash and cash equivalents		46,077	164,062
Cash and cash equivalents at the beginning of the reporting period		2,434,035	2,235,035
Cash and cash equivalents at the end of the reporting period		2,480,112	2,399,097

STATEMENT OF FINANCIAL POSITION

		As at 30 September 2024 HK\$'000
	Notes	
Non-current assets		
Investments in subsidiaries	41	<u>196,042</u>
Current assets		
Deposits and prepayments		94
Cash and cash equivalents		11,816
Amounts due from subsidiaries	40(b)	<u>2,694,486</u>
		<u>2,706,396</u>
Current liabilities		
Accrued charges and other payables		11
Amounts due to subsidiaries	40(b)	<u>727,025</u>
		<u>727,036</u>
Net current assets		<u>1,979,360</u>
NET ASSETS		<u><u>2,175,402</u></u>
Capital and reserves		
Share capital	33, 40(a)	25,000
Reserves	40(a)	<u>2,150,402</u>
TOTAL EQUITY		<u><u>2,175,402</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

GNF was incorporated in the Cayman Islands under the Companies Act (as revised) of the Cayman Islands as an exempted company limited by shares on 31 August 2015 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). GNF's registered office is located at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is located at Ground Floor to 3rd Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.

The principal activity of GNF is investment holding. The principal activities of its subsidiaries are set out in note 41 to the Historical Financial Information.

At the date of this report, in the opinion of the directors of GNF's immediate holding company is GNH, a company incorporated in the Cayman Islands with its shares listed on the Stock Exchange. GNF's ultimate holding company is Honeylink Agents Limited, a company incorporated in the British Virgin Islands with limited liability.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

This Historical Financial Information presents the financial track record of the GNF Group for the six months ended 30 September 2024 and is prepared for the purposes of inclusion in a circular of the Company to its shareholders for the acquisition of the GNF Group, using the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 March 2024.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with HKFRSs issued by the HKICPA.

Statement of compliance

The Historical Financial Information has been prepared in accordance with the basis set out below which conforms to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new / revised HKFRSs. For the purpose of preparing the Historical Financial Information, the GNF Group has consistently adopted all HKFRSs that are relevant to its operations and are effective for the six months ended 30 September 2024.

The Stub Period Comparative Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is historical cost, except for certain properties and investments, which are measured at revalued amounts or fair value, as explained in the accounting policies set out below.

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") rounded to the nearest thousand, which is also the functional currency of GNF.

Basis of consolidation

The Historical Financial Information comprise the financial statements of GNF and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of GNF using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full upon consolidation. The results of subsidiaries are consolidated from the date on which the GNF Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of GNF, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of GNF and to the non-controlling interests on the basis of existing ownership interests and the possible exercise of conversion of potential voting rights is not considered. Total comprehensive income is attributed to the owners of GNF and the existing non-controlling interest even if this results in the existing non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the GNF Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of GNF.

When the GNF Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase. Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

Subsidiaries

A subsidiary is an entity that is controlled by the GNF Group. The GNF Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The GNF Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In GNF's statement of financial position, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by GNF on the basis of dividends received and receivable.

Property and equipment

Property and equipment, other than buildings, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Buildings are stated at revalued amount, being the fair value at the date of valuation less accumulated depreciation and accumulated impairment losses. Fair value is determined by independent valuations which are performed annually. Increases in valuation are credited to the property revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same asset and are thereafter charged to profit or loss. Any subsequent increases are credited to profit or loss up to the amount previously charged and thereafter to property revaluation reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

Depreciation is provided to write off the cost less accumulated impairment losses of property and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold land	Shorter of the term of the lease, or 25 years
Buildings	Shorter of the term of the lease, or 25 years
Leasehold improvements	Shorter of the term of the lease or 5 to 10 years
Motor vehicles and yacht	4 to 10 years
Office equipment	3 to 5 years
Furniture and fixtures	5 to 7 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are properties that are held by owner to earn rental income and / or for capital appreciation. These include properties held for a currently undetermined future use and properties that are held under operating lease, which satisfy the definition of investment property and carry at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Intangible assets

Trading rights

Trading rights confer eligibility on the GNF Group to trade on the Stock Exchange. The trading rights have no foreseeable limit to the period over which the GNF Group can use to generate cash flows. As a result, the trading rights are considered by the management of the GNF Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite. They will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

Club memberships

Club memberships with indefinite useful life are stated at costs less any impairment losses. Impairments are reviewed annually or when there are any indications that the club memberships have suffered impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the GNF Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the GNF Group's contractual rights to future cash flows from the financial asset expire or (ii) the GNF Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the GNF Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the GNF Group continues to recognise the financial asset.

If the GNF Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the GNF Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for accounts receivable without a significant financing component within HKFRS 15) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such accounts receivable are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the GNF Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the GNF Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The GNF Group's financial assets at amortised cost include accounts receivable, deposits, other receivables, bank balances – client accounts, bank balances – general accounts and cash.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The GNF Group's financial assets mandatorily measured at FVPL include investment in listed equity securities and investment in an unlisted fund.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the GNF Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The GNF Group's financial liabilities include accounts payable, accrued charges and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The GNF Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the GNF Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the GNF Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) nature of collateral
- (iv) industry of debtors
- (v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The GNF Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the GNF Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the GNF Group, in full (without taking into account any collaterals held by the GNF Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the GNF Group considers that default has occurred when a financial asset is more than 90 days past due unless the GNF Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the GNF Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the GNF Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the GNF Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Assessment of significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the GNF Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the GNF Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (a) it has a low risk of default;
- (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 7 to the Historical Financial Information, the financial instruments determined to have low credit risk includes bank balances – client accounts and bank balances – general accounts.

Simplified approach of ECL

For accounts receivable other than margin clients, without a significant financing component, the GNF Group applies a simplified approach in calculating ECL. The GNF Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The GNF Group writes off a financial asset when the GNF Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The GNF Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The GNF Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the GNF Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For classification in the consolidated statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

Revenue recognition

Dividend income

Dividend income from financial assets is recognised when the GNF Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the GNF Group and the amount of the dividend can be measured reliably. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the GNF Group is as follows:

- (a) Asset management services
- (b) Broking services
- (c) Corporate finance services

Identification of performance obligations

At contract inception, the GNF Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the GNF Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the GNF Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The GNF Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the GNF Group's performance as the GNF Group performs;
- (b) the GNF Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the GNF Group's performance does not create an asset with an alternative use to the GNF Group and the GNF Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the GNF Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the GNF Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Timing of revenue recognition (Continued)

Revenue is recognised on the following bases:

- Commission income for broking business is recorded as income at a point in time on a trade date basis;
- Underwriting commission income, sub-underwriting income, placing commission and sub-placing commission are recognised as income at a point in time in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed;
- Proof of funds commission and clearing and handling fee income are recognised at a point in time when the relevant transactions have been arranged or the relevant services have been rendered; and
- Advisory fee and asset management fee income are recognised over time when the relevant transactions have been arranged or the relevant services have been rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the GNF Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the GNF Group's performance and reliable information is available to the GNF Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Foreign currency translation

Items included in the financial statements of each of the GNF Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in the currency of HK\$, which is also GNF's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At the end of each reporting period, the GNF Group reviews internal and external sources of information to assess whether there is any indication that its property and equipment, intangible assets and GNF's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the GNF Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as an income in profit or loss immediately.

The accounting policy for recognition of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Leases

The GNF Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The GNF Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Amounts payable by the GNF Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The GNF Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the GNF Group; and
- (d) an estimate of costs to be incurred by the GNF Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee (Continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the GNF Group by the end of the lease term or if the cost of the right-of-use asset reflects that the GNF Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	3 years
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the GNF Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the GNF Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the GNF Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the GNF Group remeasures the lease liability using a revised discount rate.

The GNF Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the GNF Group recognises any remaining amount of the remeasurement in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefit costs

Payment to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Long service payments

The GNF Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled share-based transactions

The GNF Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or is recognised as an expense in full at the grant date when share options granted vest immediately, with a corresponding increase in equity.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits / accumulated losses.

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at fair value of the equity instruments granted. In all cases, the fair value is measured at the date the GNF Group obtains the goods or the counterparty renders the services.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries except where the timing of the reversal of the temporary differences is controlled by the GNF Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account / recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

Related parties

A related party is a person or entity that is related to the GNF Group.

- (a) A person or a close member of that person's family is related to the GNF Group if that person:
 - (i) has control or joint control over the GNF Group;
 - (ii) has significant influence over the GNF Group; or
 - (iii) is a member of the key management personnel of the GNF Group.
- (b) An entity is related to the GNF Group if any of the following conditions applies:
 - (i) the entity and the GNF Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the GNF Group or an entity related to the GNF Group. If the GNF Group is itself such a plan, the sponsoring employers are also related to the GNF Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the GNF Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

4. FUTURE CHANGES IN HKFRSs

At the date of authorisation of the Historical Financial Information, the HKICPA has issued the following revised HKFRSs that are relevant to the GNF Group and are not yet effective for the current period, which the GNF Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability ^[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ^[2]
HKFRS 18	Presentation and Disclosure in Financial Statements ^[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ^[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[4]
Annual Improvements to HKFRS Accounting Standards	Volume 11 ^[2]

^[1] Effective for annual periods beginning on or after 1 January 2025

^[2] Effective for annual periods beginning on or after 1 January 2026

^[3] Effective for annual periods beginning on or after 1 January 2027

^[4] The effective date to be determined

The Board of the GNF Group does not anticipate that the adoption of these revised HKFRSs in future periods will have any material impact on the result of the GNF Group.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the GNF Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Loss allowance for ECL

The GNF Group's management estimates the loss allowance for financial assets at amortised cost including accounts receivable by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the GNF Group's historical information, recoverable amount of securities collateral, past collection history of borrowers, concentration risk of borrowers, the GNF Group's actual loss experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the financial assets at amortised cost. Details of the key assumption and inputs used in estimating ECL are set out in note 7 to the Historical Financial Information.

Fair value of buildings at revaluation and investment properties

The GNF Group's buildings under revaluation model and investment properties with carrying amount of HK\$1,500,000 and approximately HK\$158,310,000 are stated at fair value.

The fair values are based on the valuation carried out by an independent professional valuer with reference to recent market transaction prices at the end of reporting period / the date of transfer and / or market rental value for similar properties at similar locations, adjusted for certain estimates of market conditions.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value of buildings at revaluation and investment properties (Continued)

In determining the fair value of the buildings, the valuer has based on a method of valuation which involves, inter alia, sales price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age. In relying on the valuation report, management of the GNF Group has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of each reporting period. Particulars of the buildings under revaluation model and investment properties of the GNF Group are set out in notes 19 and 20 to the Historical Financial Information respectively.

Tax provision and tax losses

At the end of the reporting period, no deferred tax asset has been recognised in respect of certain tax losses of approximately HK\$12,667,000 as the realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

6. CAPITAL RISK MANAGEMENT

The GNF Group manages its capital to ensure that entities in the GNF Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the GNF Group consists of debt, when applicable, and equity attributable to owners of the GNF, comprising issued share capital as disclosed in note 33 to the Historical Financial Information and reserves as disclosed in the consolidated statement of changes in equity. The management of the GNF Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the GNF Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The GNF Group's overall strategy remains unchanged throughout the year.

Certain group entities are regulated by the Hong Kong Securities and Futures Commission (the "SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The GNF Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the GNF Group closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The GNF Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout the six months ended 30 September 2024.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

		As at 30 September 2024 HK\$'000
	Notes	
Financial assets		
Financial assets at FVPL	(a)	19,702
Amortised cost	(b)	<u>4,478,197</u>
Financial liabilities		
Amortised cost	(c)	<u>(350,941)</u>

Notes:

- (a) Financial assets at FVPL include investments in listed equity securities and investment in an unlisted fund.
- (b) Financial assets at amortised cost include accounts receivable, deposits and other receivables (excluding prepayments), bank balances – client accounts and bank balances – general accounts and cash.
- (c) Financial liabilities at amortised cost include accounts payable and accrued charges and other payables.

Financial risk management objectives and policies

The GNF Group's major financial instruments include investments, accounts receivable, deposits and other receivables, bank balances and cash, accounts payable and accrued charges and other payables. Details of these financial instruments are disclosed in respective notes to the Historical Financial Information. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the GNF Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

Interest rate risk

The GNF Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The GNF Group currently does not have an interest rate hedging policy. However, the management of the GNF Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The management of the GNF Group considers that the GNF Group's exposure to cash flow interest rate risk on variable-rate bank balances as a result of the change of market interest rate is insignificant due to low interest rates on bank balances at the end of the reporting period, thus no sensitivity analysis is prepared for cash flow interest rate risk.

Equity price risk

The GNF Group is exposed to equity price risk through its investments in listed equity securities which classified as financial asset at FVPL. The directors of GNF manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity securities.

Sensitivity analysis

No sensitivity analysis has been prepared as the directors of GNF consider the price risk is not significant.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk

In the opinion of the directors of GNF, the currency risk exposure is not significant as most of the transactions and financial assets and liabilities of the group entities are denominated in the functional currencies of the respective entities. Accordingly, no sensitivity analysis has been presented on the currency risk.

Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the GNF Group's exposure to credit risk.

The GNF Group's maximum exposure to credit risk which will cause a financial loss to the GNF Group due to failure to discharge an obligation by the counterparties arises from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The GNF Group exposes to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that are expected at the end of the reporting period. Significant changes in the economy, government policy or speculation environment of the stock market could result in losses that are different from those provided for at the end of the reporting period. Management of the GNF Group therefore carefully manages its exposure to credit risk. The GNF Group's internal credit risk grading assessment for financial assets, except for accounts receivable under HKFRS 15, compiled as the following categories:

Internal credit rating	Description	ECL treatment
Performing	The balances that have not had a significant increase in credit risk since initial recognition and 12-month ECL will be recognised	12-month (Normal Credit Quality)
Underperforming	The balances that have had a significant increase in credit risk since initial recognition and for which the lifetime ECL will be recognised	Lifetime (Significant increase in Credit Risk)
Not performing	The balances that have objective evidence of impairment and for which the lifetime ECL will be recognised	Lifetime (Credit-impaired)
Write-off	The balances that have evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Accounts receivable from margin clients

The GNF Group provides financing services only to recognised and creditworthy third parties. It is the GNF Group's policy that all these margin clients are subject to credit verification procedures. The margin loans are secured by pledged marketable securities and margin facilities are set to ensure that certain proportion of the fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans.

The GNF Group has concentration of credit risk as 44% of the total accounts receivable from margin clients was due from the GNF Group's ten largest margin clients.

No aging analysis is disclosed, as in the opinion of the directors of GNF, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

The GNF Group's customer base consists of a wide range of clients and the accounts receivable from margin clients are categorised by common risk characteristics that are representative of the customers' abilities to pay the amounts due in accordance with the contractual terms.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition, whether the accounts receivables from margin clients are credit-impaired and the amount of loss given default, the GNF Group has taken into account the credit quality of margin clients, the collateral to account receivable balances ratio, amount of margin shortfall of margin clients and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the financial industry, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the period.

The GNF Group has established a margin client credit risk classification system and performs credit risk assessment based on margin client classification in one of three categories of internal credit rating. The information about the ECL for the accounts receivable from margin clients at the end of the reporting period is summarised below. After considering the above factors, net impairment loss of approximately HK\$59,186,000 (Six months ended 30 September 2023: HK\$45,905,000 (Unaudited)) was recognised during the six months ended 30 September 2024.

At 30 September 2024

Internal credit rating	Basis of ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Performing	12-month	1,219,605	6,588	1,213,017
Underperforming	Lifetime	153,108	37,224	115,884
Not performing	Lifetime	904,268	570,149	334,119
		2,276,981	613,961	1,663,020
<i>Represented by:</i>				
Ten largest margin clients (including Mr. Hung Hon Man and his close family members)				
		847,291	109,799	737,492
Other margin clients		1,429,690	504,162	925,528
		2,276,981	613,961	1,663,020

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Accounts receivable from margin clients (Continued)

At 30 September 2024, the GNF Group recognised loss allowance of approximately HK\$613,961,000 on its accounts receivable from margin clients. The movement in the loss allowance for accounts receivable from margin clients during the period/year is summarised below.

Six months ended 30 September 2024

	12-month ECL	Lifetime ECL		Total HK\$'000
	Performing HK\$'000	Under- performing HK\$'000	Not performing HK\$'000	
At the beginning of the reporting period	13,950	33,995	506,830	554,775
(Decrease) Increase in allowance, net	(7,362)	3,229	63,319	59,186
At the end of the reporting period	6,588	37,224	570,149	613,961

Represented by:

	Ten largest margin clients (including Mr. Hung Hon Man and his close family members) HK\$'000	Other margin clients HK\$'000	Total HK\$'000
At the beginning of the reporting period	89,034	465,741	554,775
Increase in allowance, net	20,765	38,421	59,186
At the end of the reporting period	109,799	504,162	613,961

The following significant changes in the gross carrying amounts of the balances contributed to the increase in the loss allowance during the six months ended 30 September 2024:

- (i) Increase in shortfall portion of margin loans which are not fully secured amounted to approximately HK\$740,211,000; and
- (ii) Additional loss allowance for not performing category of approximately HK\$44,602,000 as a result of difficulties on repayment by accounts receivable from margin clients.

The GNF Group has pledged securities as collateral amounted to approximately HK\$245,647,000 in respect of the credit-impaired accounts receivable from margin clients.

Deposits with financial institutions

The credit risk on bank balances – client accounts and bank balances – general accounts is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for the six months ended 30 September 2024.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

As part of its ordinary broking activities, the GNF Group is exposed to liquidity risk arising from timing difference between settlement with clearing house or brokers and customers. To address the risk, the treasury team works closely with the settlement division on monitoring the liquidity gap. The GNF Group manages its liquidity risk through maintaining sufficient cash. As part of the measures to safeguard liquidity, the GNF Group has maintained substantial stand-by banking facilities, diversifying the funding sources and spreading out the maturity dates.

Liquidity and interest risk tables

The following tables detail the GNF Group's remaining contractual maturity for its financial liabilities and lease liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities according to the earliest date on which the GNF Group can be required to pay. The tables include both interest and principal cash flows. The difference between the "Total undiscounted cash flows" column and the "Carrying amount at the end of reporting period" column represents the future contractual cash flows attributable to the instrument which are not included in the carrying amount of the financial liabilities and lease liabilities on the consolidated statement of financial position.

	Repayable on demand HK\$'000	Repayable in less than 1 month HK\$'000	Within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
At 30 September 2024						
Accounts payable	219,141	127,669	-	-	346,810	346,809
Accrued charges and other payables	-	4,132	-	-	4,132	4,132
Lease liabilities	-	-	6,576	9,864	16,440	15,354
	219,141	131,801	6,576	9,864	367,382	366,295

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

The following tables detail the GNF Group's expected maturity for certain financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets, including interests that will be earned on those assets, except for those financial assets which are repayable on demand. The analysis is based on when the GNF Group anticipates that the cash flows will occur. The difference between the "Total undiscounted cash flows" column and the "Carrying amount at the end of reporting period" column represents the possible future cash flows attributable to the instrument which are not included in the carrying amount of the financial asset on the consolidated statement of financial position. The inclusion of information on financial assets is necessary in order to understand the GNF Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Repayable on demand HK\$'000	Repayable in less than 1 month HK\$'000	Repayable between 1 to 3 months HK\$'000	Repayable between 3 months to 1 year HK\$'000	Repayable between 1 to 2 years HK\$'000	Undated HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
At 30 September 2024								
Accounts receivable	1,663,019	52,828	-	-	-	-	1,715,847	1,715,847
Deposits and other receivables	3,047	-	-	-	-	-	3,047	3,047
Investments	-	-	-	-	-	19,702	19,702	19,702
Bank balances-client accounts	259,278	-	19,996	-	-	-	279,274	279,191
Bank balances-general accounts and cash	600,996	756,273	1,130,826	-	-	-	2,488,094	2,480,112
	<u>2,526,339</u>	<u>809,101</u>	<u>1,150,822</u>	<u>-</u>	<u>-</u>	<u>19,702</u>	<u>4,505,964</u>	<u>4,497,899</u>

7. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13 *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the GNF Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(i) Financial assets measured at fair value

Financial assets	Fair value at 30 September 2024 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs
Unlisted fund (note 25)	19,547	Level 2	Net asset value
Listed equity securities (note 25)	<u>155</u>	Level 1	Quoted prices in an active market

There were neither transfers between Level 1 and Level 2 fair value measurement nor transfers into and out of Level 3 fair value measurement during the six months ended 30 September 2024.

(ii) Financial assets and financial liabilities not measured at fair value

The management of the GNF Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and financial liabilities subject to offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the GNF Group's consolidated statement of financial position; or
- not offset in the GNF Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the GNF Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and a broker, the GNF Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and a broker on the same settlement date and the GNF Group intends to settle on a net basis.

In addition, the GNF Group has a legally enforceable right to set off the accounts receivable and payable with its retail customers in the GNF Group's brokerage business (the "brokerage clients") that are due to be settled on the same date with reference to the settlement method set by the HKSCC and the GNF Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from / to HKSCC, a broker and the brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the GNF Group and deposits placed with HKSCC and a broker do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

	Gross amounts of recognised financial assets after impairment HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amount not set off in the consolidated statement of financial position		
				Financial instruments HK\$'000	Collateral pledged HK\$'000	Net amount HK\$'000
At 30 September 2024						
Accounts receivable arising from the business of dealing in securities and future contracts	1,841,485	(125,638)	1,715,847	(1,356)	(1,537,718)	176,774

The amounts which have been offset against the related recognised financial assets and financial liabilities in the GNF Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is amortised cost.

8. REVENUE

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
<u>Revenue from contracts with customers within HKFRS 15</u>		
Brokerage commission	8,624	10,588
Underwriting and placing commission	468	10,568
Proof of funds commission	1,200	4,459
Other commission	36	23
Clearing and handling fee income	797	2,210
Asset management fee income	297	297
Advisory fee income	985	1,205
	<u>12,407</u>	<u>29,350</u>
<u>Interest revenue calculated using the effective interest method</u>		
- Bank balances and time-deposits	49,611	38,082
- Other financial assets at amortised costs		
- Accounts receivable	105,888	100,812
	<u>155,499</u>	<u>138,894</u>
Total revenue	<u><u>167,906</u></u>	<u><u>168,244</u></u>

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
<i>Timing of revenue recognition:</i>		
At a point in time		
Brokerage commission	8,624	10,588
Underwriting and placing commission	468	10,568
Proof of funds commission	1,200	4,459
Other commission	36	23
Clearing and handling fee income	797	2,210
	<u>11,125</u>	<u>27,848</u>
Over time		
Advisory fee income	985	1,205
Asset management fee income	297	297
	<u>1,282</u>	<u>1,502</u>

9. SEGMENT INFORMATION

The GNF Group is currently organised into six operating divisions, namely, broking, securities margin financing, corporate finance, asset management, financial instruments investments and property investments. These divisions are the basis on which the Board of GNF, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these divisions are as follows:

Broking	- Provision of stockbroking, futures and options broking and underwriting and placements
Securities margin financing	- Provision of securities margin financing
Corporate finance	- Provision of corporate advisory services
Asset management	- Provision of asset management services
Financial instruments investments	- Investment in financial instruments
Property investments	- Holding of investment properties

The accounting policies of the operating segments are the same as the GNF Group's accounting policies described in note 3 to the Historical Financial Information. For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property and equipment, club memberships, certain prepayments, deposits and other receivables and certain bank balances.
- all liabilities are allocated to operating segments other than certain accrued charges and other payables, certain deferred tax liabilities.
- all profit or loss are allocated to operating segments other than certain depreciation expenses, certain lease payments for short-term leases or leases of low value assets / operating lease rentals, certain management fee, certain finance costs, certain staff costs and certain other expenses incurred for strategic planning by the GNF Group.

Segment information about these divisions is presented below.

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the GNF Group's revenue and results by reportable operating segments.

Six months ended 30 September 2024

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Financial instruments investments HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Segment revenue	60,862	105,762	985	297	-	-	167,906
Segment result	38,981	46,575	1,094	294	1,647	(6,806)	81,785
Unallocated other gains and losses, net							18
Unallocated other operating income and corporate expenses, net							(1,749)
Profit before taxation							80,054

Six months ended 30 September 2023 (Unaudited)

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Financial instruments investments HK\$'000	Consolidated HK\$'000
Segment revenue	66,125	100,617	1,205	297	-	168,244
Segment result	40,712	54,711	1,224	295	(1,056)	95,886
Unallocated other gains and losses, net						9,103
Unallocated other operating income and corporate expenses, net						(2,375)
Profit before taxation						102,614

9. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the GNF Group's assets and liabilities by reportable operating segments.

At 30 September 2024

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Financial instruments investments HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Segment assets	<u>2,610,461</u>	<u>1,872,599</u>	<u>12,947</u>	<u>7,157</u>	<u>20,128</u>	<u>158,310</u>	4,681,602
Unallocated assets							<u>24,495</u>
Consolidated assets							<u>4,706,097</u>
Segment liabilities	<u>156,278</u>	<u>210,042</u>	<u>50</u>	<u>79</u>	<u>-</u>	<u>-</u>	366,449
Unallocated liabilities							<u>55</u>
Consolidated liabilities							<u>366,504</u>

9. SEGMENT INFORMATION (CONTINUED)

Other segment information

Six months ended 30 September 2024

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance management HK\$'000	Asset management HK\$'000	Financial instruments investments HK\$'000	Property investment s HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:								
Additions of property and equipment	66	-	-	-	-	-	-	66
Additions of investment properties	-	-	-	-	-	162,978	-	162,978
Depreciation of property and equipment	(5,506)	-	-	-	-	-	(29)	(5,535)
Fair value losses on investment properties	-	-	-	-	-	(6,750)	-	(6,750)
Fair value gains on investments	4	-	-	-	1,657	-	-	1,661
Gain on disposal of a subsidiary	-	-	-	-	-	-	18	18
Interest income (including revenue and other operating income)	50,308	105,761	112	-	-	-	-	156,181
Net impairment loss on accounts receivable	-	(59,186)	-	-	-	-	-	(59,186)
Finance costs	(523)	-	-	-	-	-	-	(523)
Commission expenses	(2,605)	-	-	-	-	-	-	(2,605)

9. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

Six months ended 30 September 2023 (Unaudited)

	Broking HK\$'000	Securities margin financing HK\$'000	Corporate finance HK\$'000	Asset managemen t HK\$'000	Financial instruments investments HK\$'000	Unallocate d HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:							
Additions of property and equipment	217	-	-	-	-	246	463
Depreciation of property and equipment	(5,959)	-	-	-	-	(12)	(5,971)
Fair value losses on investments	(19)	-	-	-	(1,046)	-	(1,065)
Gain on disposal of property and equipment	-	-	-	-	-	7,603	7,603
Gain on disposal of intangible assets	-	-	-	-	-	1,500	1,500
Interest income (including revenue and other operating income)	38,844	100,617	97	-	-	-	139,558
Net impairment loss on accounts receivable	-	(45,905)	-	-	-	-	(45,905)
Finance costs	(89)	-	-	-	-	-	(89)
Commission expenses	(3,396)	-	-	-	-	-	(3,396)

Geographical information

The GNF Group's operations are located in Hong Kong and the United Kingdom (six months ended 30 September 2023: Hong Kong) and the GNF Group's revenue from external customers are located in Hong Kong (six months ended 30 September 2023: Hong Kong).

The following table is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	Carrying amounts of non-current assets 30 September 2024 HK\$'000
Hong Kong	41,321
The United Kingdom	158,310
	<u>199,631</u>

The non-current asset information above excludes financial instruments and deferred tax assets.

9. SEGMENT INFORMATION (CONTINUED)

Information about major customers

During the six months ended 30 September 2024 and 2023, there were no customers individually contributing 10% or more of the GNF Group's total revenue.

During the six months ended 30 September 2024 and 2023, the aggregate revenue attributable to the five largest customers of the GNF Group accounted for less than 30% of the GNF Group's total revenue.

10. OTHER OPERATING INCOME

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Bank interest income	682	664
Sundry income	137	117
	819	781

11. OTHER GAINS AND LOSSES, NET

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Gain on disposal of property and equipment	-	7,603
Gain on disposal of intangible assets	-	1,500
Gain on disposal of a subsidiary	18	-
Net realised gains on error trades	8	10
Fair value changes on investments	1,661	(1,065)
Fair value changes on investment properties	(6,750)	-
Net exchange losses	390	(598)
	(4,673)	7,450

12. STAFF COSTS

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Staff costs including directors' emoluments:		
Salaries and other benefits	8,999	9,737
Retirement benefit scheme contributions	339	376
	9,338	10,113

13. FINANCE COSTS

	Six months ended	
	30 September	30 September
	2024	2023
	HK\$'000	HK\$'000
		<i>(unaudited)</i>
Interest on clients' accounts	25	30
Interest on lease liabilities	498	59
	<u>523</u>	<u>89</u>

14. PROFIT BEFORE TAXATION

This is stated after charging:

	Six months ended	
	30 September	30 September
	2024	2023
	HK\$'000	HK\$'000
		<i>(unaudited)</i>
Auditor's remuneration	693	688

15. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' REMUNERATION

(a) Directors' and Chief Executive Officer's remuneration

The emoluments paid or payable to each of the six (Six months ended 30 September 2023: six (Unaudited)) directors were as follows:

Six months ended 30 September 2024

	Executive Director and Chief Executive Officer	Executive Director	Non-executive Director	Independent Non-executive Directors			Total
	Mr. Hung Sui Kwan HK\$'000	Mr. Shum Kin Wai, Frankie HK\$'000	Mr. Hung Hon Man HK\$'000	Mr. Chan Ka Kit HK\$'000	Ms. Ng Yau Kuen, Carmen HK\$'000	Mr. Cheung Chi Kong, Ronald HK\$'000	HK\$'000
Fees	-	-	-	60	60	60	180
Other emoluments:							
Salaries and other benefits (note i)	312	248	-	-	-	-	560
Contributions to retirement benefit schemes	9	12	-	-	-	-	21
Commission	-	22	-	-	-	-	22
Total emoluments	321	282	-	60	60	60	783

Six months ended 30 September 2023 (Unaudited)

	Executive Director and Chief Executive Officer	Executive Director	Non-executive Director	Independent Non-executive Directors			Total
	Mr. Hung Sui Kwan HK\$'000	Mr. Shum Kin Wai, Frankie HK\$'000	Mr. Hung Hon Man HK\$'000	Mr. Chan Ka Kit HK\$'000	Ms. Ng Yau Kuen, Carmen HK\$'000	Mr. Cheung Chi Kong, Ronald HK\$'000	HK\$'000
Fees	-	-	-	60	60	60	180
Other emoluments:							
Salaries and other benefits (note i)	354	248	-	-	-	-	602
Contributions to retirement benefit schemes	9	12	-	-	-	-	21
Commission	-	28	-	-	-	-	28
Total emoluments	363	288	-	60	60	60	831

Note:

- (i) The balances shown above for executive directors, namely Mr. Hung Sui Kwan and Mr. Shum Kin Wai, Frankie, were mainly for their services in connection with the management of the affairs of GNF and the GNF Group.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration in the six months ended 30 September 2024 and 2023. In addition, no emoluments were paid by the GNF Group to any of the directors as an inducement to join, or upon joining the GNF Group or as a compensation for loss of office for the six months ended 30 September 2024 and 2023.

15. **DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' REMUNERATION (CONTINUED)**

(b) Employees' remuneration

No director of GNF is included in the five highest paid individuals of the GNF Group (*Six months ended 30 September 2023: one (Unaudited)*).

The emoluments of the five (*Six months ended 30 September 2023: remaining four (Unaudited)*) highest paid individuals are set out as follows:

	Six months ended	
	30 September 2024	30 September 2023
	HK\$'000	HK\$'000
		<i>(unaudited)</i>
Salaries and other emoluments	1,867	2,513
Contribution to retirement benefits schemes	29	28
	<u>1,896</u>	<u>2,541</u>

The emoluments of the individuals are within the following bands:

	Number of individuals	
	Six months ended	
	30 September 2024	30 September 2023
		<i>(unaudited)</i>
HK\$1 to HK\$500,000	5	3
HK\$500,001 to HK\$1,000,000	-	1

There was no arrangement under which the five (*Six months ended 30 September 2023: four (Unaudited)*) highest paid individuals waived or agreed to waive any remuneration for the six months ended 30 September 2024. In addition, no emoluments were paid by the GNF Group to the five (*Six months ended 30 September 2023: four (Unaudited)*) highest paid individuals as an inducement to join or upon joining the GNF Group or as compensation for loss of office for the six months ended 30 September 2024.

16. TAXATION

The profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue be taxed at the rate of 16.5% under two-tiered profits tax rates regime. As only one of the subsidiaries in the GNF Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the GNF Group will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2024 and 2023, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Current tax		
Hong Kong Profits Tax		
Current year	8,240	16,657
 Reconciliation of income tax expense		
	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Profit before taxation	80,054	102,614
Income tax at applicable tax rate	13,042	16,766
Tax effect of income not taxable for tax purpose	(7,846)	(6,035)
Tax effect of expenses not deductible for tax purpose	1,022	553
Tax effect of tax losses not recognised	5	12
Others	2,017	5,361
Income tax expense	8,240	16,657

17. DIVIDENDS

	Six months ended 30 September 2024 HK\$'000	30 September 2023 HK\$'000 <i>(unaudited)</i>
Final dividend for prior financial year, paid – HK3 cents (30 September 2023: HK3 cents) per share	<u>75,000</u>	<u>75,000</u>

On 5 September 2024, a dividend of HK3 cents per share was paid to shareholders as the final dividend in respect of the year ended 31 March 2024.

The directors of GNF have determined that no interim dividend in respect of the six months ended 30 September 2024 will be proposed (*Six months ended 30 September 2023: an interim dividend of HK3 cents per share in respect of the six months ended 30 September 2023 was proposed (Unaudited)*).

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to the equity holders of GNF and the weighted average number of ordinary shares in issue during the period as follows:

Earnings

	Six months ended 30 September 2024 HK\$'000	30 September 2023 HK\$'000 <i>(unaudited)</i>
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to equity shareholders of GNF	<u>71,814</u>	<u>85,957</u>

Number of shares

	Six months ended 30 September 2024 '000	30 September 2023 '000 <i>(unaudited)</i>
Weighted average number of ordinary shares, for the purpose of basic and diluted earnings per share	<u>2,500,000</u>	<u>2,500,000</u>
Earnings per share:	HK cents	HK cents
Basic	<u>2.9</u>	<u>3.4</u>

For the six months ended 30 September 2024 and 2023, no diluted earnings per share was presented because there were no potential dilutive ordinary shares in existence during both periods.

19. PROPERTY AND EQUIPMENT

	Right-of-use assets- Office premises HK\$'000	Right-of- use assets- Leasehold land HK\$'000	Buildings HK\$'000	Leasehold improve- ments HK\$'000	Motor vehicles and yacht HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
Cost or Valuation								
At 1 April 2024	39,041	410	1,500	21,413	3,439	8,720	124	74,647
Additions	-	-	-	-	-	-	66	66
At 30 September 2024	39,041	410	1,500	21,413	3,439	8,720	190	74,713
Comprising:								
At cost	39,041	410	-	21,413	3,439	8,720	190	73,213
At valuation	-	-	1,500	-	-	-	-	1,500
At 30 September 2024	39,041	410	1,500	21,413	3,439	8,720	190	74,713
Accumulated amortisation / depreciation								
At 1 April 2024	20,897	200	-	12,665	2,353	7,788	95	43,998
Charges	3,032	5	32	2,036	192	229	9	5,535
Eliminated on revaluation	-	-	(32)	-	-	-	-	(32)
At 30 September 2024	23,929	205	-	14,701	2,545	8,017	104	49,501
Net carrying values								
At 30 September 2024	15,112	205	1,500	6,712	894	703	86	25,212

The property interests in leasehold land and the buildings thereon (including the whole or part of undivided share in the underlying land) in Hong Kong, which are reported as property and equipment with net carrying value of approximately HK\$1,705,000 at the end of the reporting period, are held by the GNF Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease. At the end of the reporting period, the remaining lease term is about 22.5 years.

The buildings of the GNF Group with carrying amount of approximately HK\$1,500,000 are stated at fair value under revaluation model.

The carrying amount of the buildings at 30 September 2024 were valued by Prudential Surveyors (Hong Kong) Limited ("PSL"), an independent professional qualified valuer, on direct comparison approach based on price information of comparable properties and adjusted to reflect the condition and locations of the buildings. PSL is not connected with the GNF Group and has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

In estimating the fair value of the above buildings, the highest and best use of buildings is the current use. In estimating the fair value of the GNF Group's buildings, the management of the GNF Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the GNF Group engages third party qualified valuers to perform the valuation of the Taret Group's buildings. At the end of each reporting period, the management of the GNF Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurement. The management of the GNF Group would first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the GNF Group would adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of GNF.

19. PROPERTY AND EQUIPMENT (CONTINUED)

One of the key unobservable inputs used in valuing different buildings in the GNF Group is the unit sale rate, which is approximately HK\$4,600 per square foot, taking into account age, location and other individual factors such as size and levels of building. A decrease in the unit sale rate would result in decrease in fair value measurement of the buildings by the same percentage decrease and vice versa.

Buildings are classified as Level 3 under fair value hierarchy at 30 September 2024. There were no transfers into or out of Level 3 during the six months ended 30 September 2024.

If the buildings under property and equipment had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and accumulated impairment losses of approximately HK\$954,000.

20. INVESTMENT PROPERTIES

	30 September 2024 HK\$'000	
Fair Value		
Addition – Capital expenditure		162,978
Net change in fair value recognised in profit or loss (Note 11)		(6,750)
Exchange differences		2,082
		<u>158,310</u>
At the end of the reporting period		
	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Unrealised loss on investment properties included in other gain and losses	<u>(6,750)</u>	<u>-</u>

20. INVESTMENT PROPERTIES (CONTINUED)

Leasing arrangement – as lessee

At 30 September 2024, the investment properties with fair value of approximately HK\$158,310,000 were residential units located in the United Kingdom and valued by PSL. PSL has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The residential units were valued by adopting the direct comparison method based on price information of comparable properties and adjusted to reflect the condition and locations of the subject properties.

One of the key unobservable inputs used in valuing the investment properties located in United Kingdom is the unit sale rate of ranging from HK\$15,600 to HK\$18,100 per square foot, taking into account age, location and other individual factors such as size and levels of building. An increase/decrease in the unit sale rate would result in an increase/decrease in fair value measurement of an investment property.

In estimating the fair value of the GNF Group's investment properties located in the United Kingdom, the management of the GNF Group uses market-observable data to the extent it is available. At the end of each reporting period, the management of the GNF Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurement. The management of the GNF Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the GNF Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of GNF.

Investment properties located in the United Kingdom are classified as Level 3 under fair value hierarchy at 30 September 2024. There were no transfers into or out of Level 3 during the six months ended 30 September 2024 except for the addition, disposal and fair value changes of investment properties.

No investment properties were pledged at 30 September 2024.

Leasing arrangement – as lessor

All of the GNF Group's investment properties located in the United Kingdom interests held under leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Certain investment properties are leased to independent third parties for a term of 7 to 12 months with no renewal and termination option. The tenant also bears the management fees and amounts charged by the government such as the rates levied on the investment properties.

There are two tenancy agreements starting from 30 September 2024 and 19 October 2024. Hence, no lease income from operating leases during the six months ended 30 September 2024.

The investment properties are subject to residual value risk. The lease contracts, as a result, include a provision on residual value guarantee based on which the GNF Group has the right to charge the tenant for any damage to the investment properties at the end of the lease. Besides, the GNF Group has purchased insurance for certain investment properties to mitigate the loss that may arise from accidents or physical damages of the properties.

20. INVESTMENT PROPERTIES (CONTINUED)

Leasing arrangement – as lessor (Continued)

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties.

	30 September 2024 HK\$'000
Year 1	<u>864</u>

21. INTANGIBLE ASSETS

	Trading rights in Stock Exchange HK\$'000	Club memberships HK\$'000	Total HK\$'000
Cost			
At 1 April 2024 and 30 September 2024	<u>2,672</u>	<u>5,363</u>	<u>8,035</u>
Accumulated impairment losses			
At 1 April 2024 and 30 September 2024	<u>71</u>	<u>-</u>	<u>71</u>
Carrying value			
At 30 September 2024	<u>2,601</u>	<u>5,363</u>	<u>7,964</u>

The management of the GNF Group determined that certain trading rights amounting to HK\$1,000,000 were no longer utilised to generate profits to the GNF Group. For the purpose of impairment testing on these trading rights, the recoverable amount has been determined based on secondary market prices less cost of disposal and no impairment was made at 30 September 2024. The recoverable amounts of trading rights with carrying value of approximately HK\$1,601,000 held by the GNF Group have been determined with reference to the recoverable amounts based on a value-in-use calculation. Details of the impairment test on other trading rights are set out in note 23 to the Historical Financial Information.

Intangible assets amounting to HK\$5,363,000 represent club memberships. For the purpose of impairment testing on club memberships, the recoverable amount has been determined based on the second-hand market price less cost of disposal. No impairment loss was recognised during the six months ended 30 September 2024 and 2023 with reference to the recoverable amount of the club memberships.

In the opinion of the directors of GNF, the trading rights and club memberships have indefinite useful lives.

22. GOODWILL

	Broking HK\$'000
Cost	
At 1 April 2024 and 30 September 2024	2,000
Impairment	
At 1 April 2024 and 30 September 2024	-
Carrying values	
At 31 March 2024	<u>2,000</u>

Detail of the impairment test on goodwill are set out in note 23 to the Historical Financial Information.

23. IMPAIRMENT TESTING ON OTHER TRADING RIGHTS AND GOODWILL

Certain trading rights with indefinite useful lives and goodwill set out in notes 21 and 22 to the Historical Financial Information have been allocated to the relevant separate broking cash generating units ("CGUs"). The carrying amounts of goodwill, net of accumulated impairment losses and certain trading rights, net of accumulated impairment losses, at 30 September 2024 allocated to the CGUs are as follows:

	Other trading rights HK\$'000	Goodwill HK\$'000
Carrying value at 30 September 2024	<u>1,601</u>	<u>2,000</u>

At 30 September 2024, the recoverable amounts of the CGUs containing goodwill and certain trading rights have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the GNF Group covering a 5-year period and at a discount rate of 12% and at zero growth rate. A key assumption for the value-in-use calculation is the zero growth rate, which is determined based on past performance and management of the GNF Group's expectations for the market development. Management of the GNF Group believes that any reasonably possible change in any of the assumptions would not cause the aggregate recoverable amount of the CGUs to fall below the aggregate carrying amount of the CGUs and no impairment was made at 30 September 2024.

24. OTHER ASSETS

Other assets mainly represent statutory and other deposits with various exchanges and clearing houses and are non-interest bearing.

25. INVESTMENTS

	Note	30 September 2024 HK\$'000
Financial assets at FVPL		
Investment in an unlisted fund	(a)	19,547
Investment in equity securities – listed in Hong Kong		155
		<u>19,702</u>
 Analysed as:		
Non-current		19,547
Current		155
		<u>19,702</u>

- (a) The unlisted investment fund represents the initial capital contribution of HK\$55,000,000 in a Limited Partnership Fund (the "Fund"). All fund holders can only be appointed as limited partners. The limited partners did not participate in the daily management and only entitled to distribution when profit is made from the Fund. The portfolios of these funds mainly comprise listed shares in Hong Kong, quoted debt securities listed overseas and unlisted investment funds. The Fund was held for long-term investments.

During the year ended 31 March 2023, the Fund distributed HK\$33,000,000 of the investment capital to the GNF Group. After such distribution, the GNF Group's proportionate interest in the Fund remains unchanged. No distribution was made by the Fund to the Company during the six months ended 30 September 2024.

26. ACCOUNTS RECEIVABLE

	Notes	30 September 2024 HK\$'000
Accounts receivable arising from the business of dealing in securities:		
- Cash clients	(a)	9,201
- Margin clients:	(b)	
- Directors and their close family members		148,975
- Other margin clients		2,128,006
- HKSCC		31,619
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts		<u>12,007</u>
		2,329,808
Less: Loss allowances		<u>(613,961)</u>
		<u>1,715,847</u>

26. ACCOUNTS RECEIVABLE (CONTINUED)

The normal settlement terms of accounts receivable from cash clients and securities clearing house are two days after trade date while for accounts receivable from futures clearing house are one day after trade date. All the accounts receivable (net of loss allowance), except for accounts receivables from margin clients, are expected to be recovered within one year.

Information about the GNF Group's exposure to credit risks and loss allowance for ECL of accounts receivable is set out in note 7 to the Historical Financial Information.

Notes:

- (a) Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK\$310,000 which are past due at the end of the reporting period but which the directors of GNF consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled.

In respect of accounts receivable from cash clients which are past due but not impaired at the end of the reporting period, the aging analysis (from settlement date) is as follows:

	30 September 2024 HK\$'000
0-30 days	95
31- 60 days	9
Over 60 days	<u>206</u>
	<u><u>310</u></u>

The accounts receivable from cash clients with a carrying amount of approximately HK\$8,891,000 are neither past due nor impaired at the end of the reporting period and the directors of GNF are of the opinion that the amounts are recoverable.

- (b) Accounts receivable from margin clients are secured by clients' pledged securities with fair value of approximately HK\$5,483,193,000. Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at fixed rates ranging from 7.236% to 9.252% per annum at 30 September 2024. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be pledged and can be sold at the GNF Group's discretion to settle any outstanding amount owed by margin clients upon failure to provide additional fund against shortfalls.

Included in accounts receivable from margin clients arising from the business of dealing in securities are amounts due from directors and their close family members. The details are as follows:

Name	Balance At 30 September 2024 HK\$'000	Maximum amount outstanding During the six months ended 30 September 2024 HK\$'000	Market value of pledged securities At 30 September 2024 HK\$'000
Mr. Hung Hon Man, a director of the Company, his close family members and a controlling entity	<u>148,975</u>	<u>241,375</u>	<u>1,355,491</u>

The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other margin clients.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2024 HK\$'000
Prepayments	525
Other deposits	2,724
Other receivables	323
	<u>3,572</u>

All current balances are expected to be recovered within one year except for deposits of approximately HK\$2,724,000.

28. BANK BALANCES – CLIENT ACCOUNTS

The GNF Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The GNF Group has recognised the corresponding accounts payable to respective clients and other institutions (*note 30*).

29. BANK BALANCES – GENERAL ACCOUNTS AND CASH

The amounts comprise cash held by the GNF Group and short-term bank deposits at market interest rates ranging from 0% to 5.03% per annum.

30. ACCOUNTS PAYABLE

	Notes	30 September 2024 HK\$'000
Accounts payable arising from the business of dealing in securities:		
- Cash clients	(a)	120,925
- Margin clients	(b)	210,042
Accounts payable to clients arising from the business of dealing in futures contracts	(c)	<u>15,842</u>
		<u>346,809</u>

No aging analysis is disclosed as, in the opinion of directors of GNF, the aging analysis does not give additional value in view of the nature of business.

- (a) The normal settlement term of accounts payable to cash clients is two days after trade date.
- (b) Amounts due to securities margin clients are repayable on demand and carry interest at 0.025% per annum. Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to directors of GNF, their close family members and a controlling entity of approximately HK\$786,000.
- (c) Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.

31. ACCRUED CHARGES AND OTHER PAYABLES

	30 September 2024 HK\$'000
Accruals	2,333
Other payables	1,799
	<u>4,132</u>

32. DEFERRED TAXATION

The movements for the period in the GNF Group's net deferred tax provision were as follows:

	Decelerated tax depreciation HK\$'000	Collective impairment on accounts receivable HK\$'000	Revaluation of properties HK\$'000	Total HK\$'000
At 1 April 2024	(1,088)	(5,057)	130	(6,015)
Charge to other comprehensive income for the period	-	-	5	5
At 30 September 2024	<u>(1,088)</u>	<u>(5,057)</u>	<u>135</u>	<u>(6,010)</u>

At the end of the reporting period, the GNF Group had estimated unutilised tax losses of approximately HK\$12,667,000 available to offset against future profits. The tax losses have not been recognised due to uncertainty of future profit streams of certain entities under the GNF Group and may be carried forward indefinitely.

The following is the analysis of the deferred tax (assets) liabilities for financial reporting purposes:

	Assets 30 September 2024 HK\$'000	Liabilities 30 September 2024 HK\$'000
Decelerated tax depreciation	(1,088)	-
Collective impairment on accounts receivable	(5,057)	-
Revaluation of properties	-	135
Deferred tax (assets) liabilities	<u>(6,145)</u>	<u>135</u>

33. SHARE CAPITAL

	Number of shares 30 September 2024	Amount 30 September 2024 HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At the beginning and the end of the reporting period	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At the beginning and the end of the reporting period	<u>2,500,000,000</u>	<u>25,000</u>

34. SHARE OPTION SCHEMES

GNF has adopted a share option scheme (the "Option Scheme") pursuant to a resolution passed on 16 March 2016. The major terms of the Option Scheme are summarised as follows:

- (a) The purpose of the Share Option Scheme is to attract and retain the best available personnel to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers of the GNF Group, distributor, contractor, supplier, agent, customers, business partners or service providers of the GNF Group and to promote the success of the business of the GNF Group.
- (b) The eligible participants of the Option Scheme include any employee (full-time or part-time), director, consultant or adviser of our GNF Group, or any substantial shareholder of the GNF Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the GNF Group, who in the absolute discretion of the Board of the GNF Group has contributed or will contribute to the GNF Group.
- (c) The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Option Scheme and any other share option scheme of the GNF Group must not in aggregate exceed 30% of the relevant class of securities of the issued share capital of GNF from time to time.
- (d) The total number of shares which may be issued upon exercise of all share options to be granted under the Option Scheme and any other share option scheme of the GNF Group must not in aggregate exceed 10% of the shares (250,000,000 shares) of GNF in issue.
- (e) The total number of shares issued and which may fall to be issued upon exercise of the share options granted under the Option Scheme and any other share option scheme of the GNF Group (including both exercised or outstanding options) to each participant in any twelve-month period shall not exceed 1% of the issued share capital of GNF for the time being.
- (f) There is no minimum period required for the holding of a share option before it can be exercised.
- (g) A share option may be exercised at any time during a period to be determined by the directors, the period may commence on a day after the date upon which the offer for the grant of share options is made but shall not be later than ten years from the date of grant of the share option.
- (h) The acceptance of a share option, if accepted, must be made within 7 business days from the date of the offer of grant of the share option.

34. SHARE OPTION SCHEMES (CONTINUED)

- (i) The exercise price of a share option must be the higher of:
- (i) the closing price of the share of GNF as stated in the Stock Exchange's daily quotations on the date of the offer of the grant;
 - (ii) the average closing price of the share of GNF as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of the grant; and
 - (iii) the nominal value of the share of GNF.
- (j) The Option Scheme will expire on 15 March 2026.

There was no share option granted to eligible participants during the six months ended 30 September 2024 and 2023. There were no outstanding share options at 30 September 2024.

35. OTHER CASH FLOW INFORMATION

Details of the changes in the GNF Group's liabilities from financing activities are as follows:

Six months ended 30 September 2024

	At 1 April 2024 HK\$'000	Net cash flows HK\$'000	Non-cash changes				At 30 September 2024 HK\$'000
			Interest expense HK\$'000	Dividend declared HK\$'000	Lease termination HK\$'000	Additions - modification of lease HK\$'000	
Dividend payable	-	(75,000)	-	75,000	-	-	-
Lease liabilities	17,596	(2,740)	498	-	-	-	15,354
Total	17,596	(77,740)	498	75,000	-	-	15,354

Six months ended 30 September 2023 (Unaudited)

	At 1 April 2023 HK\$'000	Net cash flows HK\$'000	Non-cash changes				At 30 September 2023 HK\$'000 (unaudited)
			Interest expense HK\$'000	Dividend declared HK\$'000	Lease termination HK\$'000	Additions - modification of lease HK\$'000	
Dividend payable	-	(75,000)	-	75,000	-	-	-
Lease liabilities	7,117	(3,599)	59	-	-	-	3,577
Total	7,117	(78,599)	59	75,000	-	-	3,577

36. RETIREMENT BENEFIT SCHEMES

The GNF Group has joined a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. The GNF Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income. The contributions, amounting approximately HK\$339,000 (Six months ended 30 September 2023: HK\$376,000), are charged to the profit or loss as incurred.

37. LEASES

Lease liabilities

At 30 September 2024, the weighted average discount rate applied was 5.50% per annum.

Commitments and present value of lease liabilities:

	Minimum lease payments	Present value of minimum lease payments
	30 September 2024 HK\$'000	30 September 2024 HK\$'000
Amounts payable:		
Within one year	6,576	5,896
In the second to fifth years inclusive	9,864	9,458
	16,440	15,354
Less: future finance charges	(1,086)	-
Total lease liabilities	15,354	15,354

The GNF Group leases office premises for its daily operations. Lease terms are 3 years. The interest expenses on lease liabilities are set out in note 13 to the Historical Financial Information.

The GNF Group has recognised the following amounts for the period:

	Six months ended 30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Lease payments:		
Short-term leases	-	306
Expenses recognised in profit or loss	-	306
Lease payments on lease liabilities	2,740	3,599
Total cash outflow for leases	2,740	3,905

Commitments under leases

At 30 September 2024, the GNF Group had no commitment for short-term leases.

38. BANKING FACILITIES

At 30 September 2024, the GNF Group had banking facilities totaling HK\$350,000,000 granted by financial institutions in Hong Kong. These banking facilities are secured by corporate guarantees issued by GNF.

At 30 September 2024, the GNF Group had undrawn amounts under these banking facilities of HK\$350,000,000.

No bank borrowings were advanced from bank during the six months ended 30 September 2024.

39. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these consolidated financial statements, during the period, the GNF Group had the following transactions with related parties:

(a) Transactions

Name of related party	Nature of transaction	Six months ended	
		30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Directors of GNF and their close family members Messrs. Hung Hon Man, Shum Kin Wai, Frankie, Hung Sui Kwan and their close family members and a controlling entity	Brokerage commission income (note i)	113	270
Key management personnel and directors of GNH and their close family members Messrs. Cham Wai Ho, Anthony, Kam Eddie Shing Cheuk, Cheng Wai Ho, Ng Hon Sau, Larry and their close family members	Brokerage commission income (note i)	8	-
Directors of GNF and their close family members Messrs. Hung Hon Man, Hung Sui Kwan and their close family members and a controlling entity	Interest income (note ii)	6,996	2,007
Key management personnel and directors of GNH and their close family members Messrs. Kam Eddie Shing Cheuk, Ng Hon Sau, Larry, Ko Yat Fei, Alvin and their close family members	Interest income (note ii)	7	10
Fellow subsidiaries under GNH Bowell Limited	License fee payment (note iii)	-	390
Tao Yun Company Limited	Lease payment (note iv)	<u>3,288</u>	<u>3,600</u>

Notes:

- (i) Commission was charged at 0.1% to 0.25% (Six months ended 30 September 2023: 0.1% to 0.25%) on the total value of transactions.
- (ii) Interest was charged at 7.236% to 9.252% per annum (Six months ended 30 September 2023: 7.236% to 9.252% per annum) on the outstanding balances of margin loans.
- (iii) Monthly license fee for the six months ended 30 September 2023 was paid at approximately HK\$65,000 (Unaudited).
- (iv) Monthly lease payment was charged at HK\$548,000 (Six months ended 30 September 2023: HK\$600,000 (Unaudited)) during the six months ended 30 September 2024.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Remuneration to key management personnel

The remuneration of members of key management of the GNF Group, other than directors as disclosed in note 15(a) to the Historical Financial Information, was as follows:

	Six months ended	
	30 September 2024 HK\$'000	30 September 2023 HK\$'000 (unaudited)
Salaries and other benefits	1,781	1,816
Retirement benefit scheme contributions	58	58
	<u>1,839</u>	<u>1,874</u>

The remuneration of directors and other key management personnel of the GNF Group is determined by the performance of individuals and market trends.

40. FINANCIAL INFORMATION OF GNF

(a) Movements in components of GNF's equity

The reconciliation between the opening and closing balances of each component of the GNF Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in GNF's individual components of equity during the six months ended 30 September 2024 are set out below:

	Notes	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2024		25,000	375,407	1,486,951	195,942	93,109	2,176,409
Profit for the period		-	-	-	-	73,993	73,993
Transactions with owners: Contributions and distributions							
Dividends paid to owners	17	-	-	-	-	(75,000)	(75,000)
Total transactions with equity holders		-	-	-	-	(75,000)	(75,000)
At 30 September 2024		<u>25,000</u>	<u>375,407</u>	<u>1,486,951</u>	<u>195,942</u>	<u>92,102</u>	<u>2,175,402</u>

Note: At 30 September 2024, the reserves of GNF available for distribution to shareholders were approximately HK\$2,150,402,000 which included share premium, contributed surplus, other reserve and retained profits.

(b) Amounts due from / to subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of GNF are as follows:

Name of subsidiary	Place of Incorporation	Class of shares held	Issued and fully paid share capital	Proportion of nominal value of issued share capital held by GNF				Principal activities
				As at 30 September 2024		As at 31 March 2024		
				Directly	Indirectly	Directly	Indirectly	
King Joy Asia Limited	British Virgin Islands ("BVI")	Ordinary	US\$1	100	-	100	-	Investment holding
GN Incorporated	BVI	Ordinary	US\$10,000	100	-	100	-	Investment holding
Get Nice Securities Limited ("GNS")	Hong Kong	Ordinary	HK\$1,660,000,000	-	100	-	100	Securities dealing and broking and securities margin financing
		Non-voting deferred shares (note a)	HK\$40,000,000					
Get Nice Currency Exchange Limited (note c)	Hong Kong	Ordinary	HK\$1	-	-	-	100	Inactive
Get Nice Capital Limited	Hong Kong	Ordinary	HK\$10,000,000	-	100	-	100	Corporate finance services
Get Nice Futures Company Limited	Hong Kong	Ordinary	HK\$60,000,000	-	100	-	100	Futures and options broking
Get Nice Silk Road Investment Limited	BVI	Ordinary	US\$10,000	-	100	-	100	Investment holding
Get Nice Asset Management Limited	Hong Kong	Ordinary	HK\$5,000,000	-	100	-	100	Asset management services
Steppington Holdings Limited	BVI	Ordinary	US\$10,000	100	-	100	-	Investment holding
Pacific Challenge Futures Hong Kong Limited	Hong Kong	Ordinary	HK\$10,000,000	-	100	-	100	Investment holding
Get Nice Investment Limited	Hong Kong	Ordinary	HK\$1	-	100	-	100	Inactive
Bravo Nice Limited	BVI	Ordinary	US\$1	-	100	-	100	Investment holding
Dixten Limited	Hong Kong	Ordinary	HK\$1	-	100	-	100	Administrative services
Red Eagle Securities Limited	Hong Kong	Ordinary	HK\$60,000,000	-	100	-	100	Inactive
Center One Limited	BVI	Ordinary	US\$1	-	100	N/A	N/A	Property holding
City Treasure Group Limited	BVI	Ordinary	US\$1	-	100	N/A	N/A	Property holding

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Notes:

- a) The non-voting deferred shares, which are held by two directors of GNF, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of GNS and on liquidation, the assets of GNS available for distribution among the holders of ordinary shares and the holders of non-voting deferred shares shall be applied first in paying to the holders of ordinary shares the sum of HK\$1,000,000,000,000 per ordinary share and secondly in repaying to the holders of non-voting deferred shares the nominal amount paid up or credited as paid up on such shares, and the balances of the GNS's assets shall belong to and be distributed among the holders of ordinary shares in proportion to the amount paid up or credited as paid up on such ordinary shares respectively.
- b) All subsidiaries are operating in Hong Kong, except for Center One Limited and City Treasure Group Limited which are operating in the United Kingdom.
- c) During the six months ended 30 September 2024, the GNF Group disposed the entire equity interests in Get Nice Currency Exchange Limited, a wholly-owned subsidiary of the GNF Group, to an individual independent third party at a consideration of HK\$18,000. Upon completion, a gain on disposal of a subsidiary of approximately HK\$18,000 was recognised in profit or loss during the six months ended 30 September 2024.

